

**ASSEMBLY BILL**

**No. 72**

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**Introduced by Assembly Member Strickland**

**(Principal coauthor: Assembly Member Mountjoy)**

**(Coauthors: Assembly Members Aanestad, Ashburn, Bates, Bill Campbell, Cogdill, Cox, La Suer, Leach, Leonard, Maddox, Matthews, Robert Pacheco, Rod Pacheco, Pescetti, Richman, Runner, Wyman, and Zettel)**

**(Coauthors: Senators Ackerman, Battin, Haynes, Margett, McClintock, and Monteith)**

June 12, 2001

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An act to add Section 6389 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 72, as introduced, Strickland. Sales and use taxes: exemptions: gasoline and diesel fuel.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would exempt motor vehicle fuel and diesel fuel from those taxes.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that local agencies shall be reimbursed in the annual Budget Act for any sales and use tax revenues lost by them under this act.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6389 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6389. There are exempted from the taxes imposed by this part,
- 4 the gross receipts from the sale in this state of, and the storage, use,
- 5 or other consumption in this state of, motor vehicle fuel, as defined
- 6 by Section 7304, and diesel fuel, as defined by Section 60022.
- 7 SEC. 2. Local agencies shall be reimbursed in the annual
- 8 Budget Act for any sales and use tax revenues lost by them under
- 9 this act.
- 10 SEC. 3. This act provides for a tax levy within the meaning of
- 11 Article IV of the Constitution and shall go into immediate effect.

